

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 83 – SB 755

February 13, 2021

SUMMARY OF BILL: Extends eligibility for tuition reimbursement provided to members of the Tennessee National Guard under the STRONG Act of 2017 (Act) to include vocational and technical programs from a college of applied technology and certain graduate degree programs. Sets forth limitations and conditions on eligibility for the tuition reimbursement. Expands the definition of tuition to include all mandatory fees. Extends, from June 30, 2021 to June 30, 2025, the date on which the Act will be repealed.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$2,178,600/FY21-22/STRONG Act
\$1,519,100/FY22-23/STRONG Act**

**\$986,300/FY22-23/General Fund
\$2,881,200/FY23-24/General Fund
\$3,313,300/FY24-25/General Fund**

Assumptions:

- Tuition reimbursements under the Act are expended from a dedicated fund created in FY17-18 with an initial appropriation of \$8,959,000.
- Pursuant to Tenn. Code Ann. § 49-4-1008, the Act is repealed on June 30, 2021; the proposed legislation will extend it until June 30, 2025.
- According to the Department of Military (DOM), \$4,191,506 of that fund has been expended to date leaving a remaining \$4,767,494 in the initial fund.
- The following expenditures have been made under the Act since FY17-18:

Fiscal Year	Expenditures	Fund Balance
FY17-18	\$628,100	\$8,330,900
FY18-19	\$1,254,100	\$7,076,800
FY19-20	\$1,571,700	\$5,505,100
FY20-21	\$737,606	\$4,767,494

- It is reasonably estimated that reimbursements under the Act will increase by 15 percent each year.
- To date, in FY20-21, \$737,606 has been expended. Based on an increase of 15 percent from reimbursements made in FY19-20, it is estimated that an additional \$1,069,849 $[(\$1,571,700 \times 1.15) - \$737,606]$ will be expended in reimbursements in FY20-21.

- After payment of reimbursements in FY20-21, it is estimated there will be a remaining balance of \$3,697,645 (\$4,767,494 - \$1,069,849) within the fund.
- Based on information provided by the DOM, it is estimated that the expansion of reimbursements of tuition to include vocational certificates and graduate degrees will result in an increase in the total amount of reimbursements made under the Act by approximately \$100,000 in FY21-20, with such additional reimbursements estimated to increase each year by 15 percent.
- It is estimated that the following expenditures will occur in FY21-22 through FY24-25 based on growth of the Act and expansion of the reimbursements:

Fiscal Year	Current Act Reimbursements	Expansion of Reimbursements	Total Expenditures	Fund Balance
FY20-21	\$1,807,455	-	\$1,807,455	\$3,697,645
FY21-22	\$2,078,573	\$100,000	\$2,178,573	\$1,519,072
FY22-23	\$2,390,359	\$115,000	\$2,505,359	(\$986,287)
FY23-24	\$2,748,913	\$132,250	\$2,881,163	(\$3,867,450)
FY24-25	\$3,161,250	\$152,088	\$3,313,338	(\$7,180,788)

- In FY22-23 the Act's fund will be fully expended leaving a balance of \$986,287 (\$1,519,072 - \$ 2,505,359) needed in state appropriations from the General Fund.
- The purposed legislation will result in an increase in state expenditures of \$2,881,163 in FY23-24, and \$3,313,338 in FY24-25 from the General Fund to fully fund the expansion and extension of the Act.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Bojan Savic, Interim Executive Director

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